

Message Text

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11

ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /089 W

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R 260906Z OCT 73

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 0083

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E.O. 11652: N/A

TAGS: ENRG, TW

SUBJECT: OIL IMPORT PRICE HIKE FORCES TAIPOWER TO CONVERT TO COAL

PASS EXIM

1. TAIPOWER CURRENTLY WORKING UP PLANS TO SWITCH WHEREEVER POSSIBLE OIL FIRED THERMAL STATIONS TO COAL. TAIPOWER ESTIMATES ONE-THIRD OF CURRENT OIL FIRED PLANTS CAN BE CONVERTED. THIS MOVE PROMPTED BY HUGE INCREASE IN COST OF IMPORTED OIL. ACCORDING TO MOST RECENT INFORMATION AVAILABLE TO COMPANY, COST OF IMPORTED OIL WILL RISE FROM US\$3.4 PER BARREL TO US\$4.7 OR US\$5/BARREL. COMBINED WITH RECENT INCREASE IN TRANSPORTATION COSTS, TAIPOWER IS FACED WITH 60 TO 80 PERCENT INCREASE IN OIL COSTS.

2. TAIPOWER SENIOR PRODUCTION OFFICIAL ADMITTED COMPANY WILL HAVE NO CHOICE BUT TO REQUEST A RATE INCREASE. MOST OF INCREASE WOULD BE PASSED ON TO PRIVATE AS OPPOSED TO INDUSTRIAL SECTOR. ALTHOUGH NEED FOR RATE HIKE IS APPARENT, TAIPOWER OFFICIALS LOATHE TO RAISE ISSUE IN VIEW OF GOVERNMENT'S CURRENT CAMPAIGN TO KEEP PRICES DOWN.

3. TAIPOWER CONVINCED IT MUST PUSH FORWARD RAPIDLY

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WITH NUCLEAR POWER DEVELOPMENT AS ONLY ONG-TERM

SOLUTION TO INCREASING ENERGY COSTS. COMPANY CONSIDERING MOVING UP TENTATIVE COMPLETION DATES OF NUCLEAR POWER PLANTS FIVE AND SIX BY ONE YEAR.

4. MORE DETAILED REPORTING TO FOLLOW AS INFORMATION BECOMES AVAILABLE.

MCCONAUGHEY

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TAIPEI06510
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973108/aaaaafjs.tel
Line Count: 68
Locator: TEXT ON-LINE
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 21 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21-Nov-2001 by kelleyw0>; APPROVED <14-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OIL IMPORT PRICE HIKE FORCES TAIPower TO CONVERT TO COAL PASS EXIM
TAGS: ENRG, TW
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005